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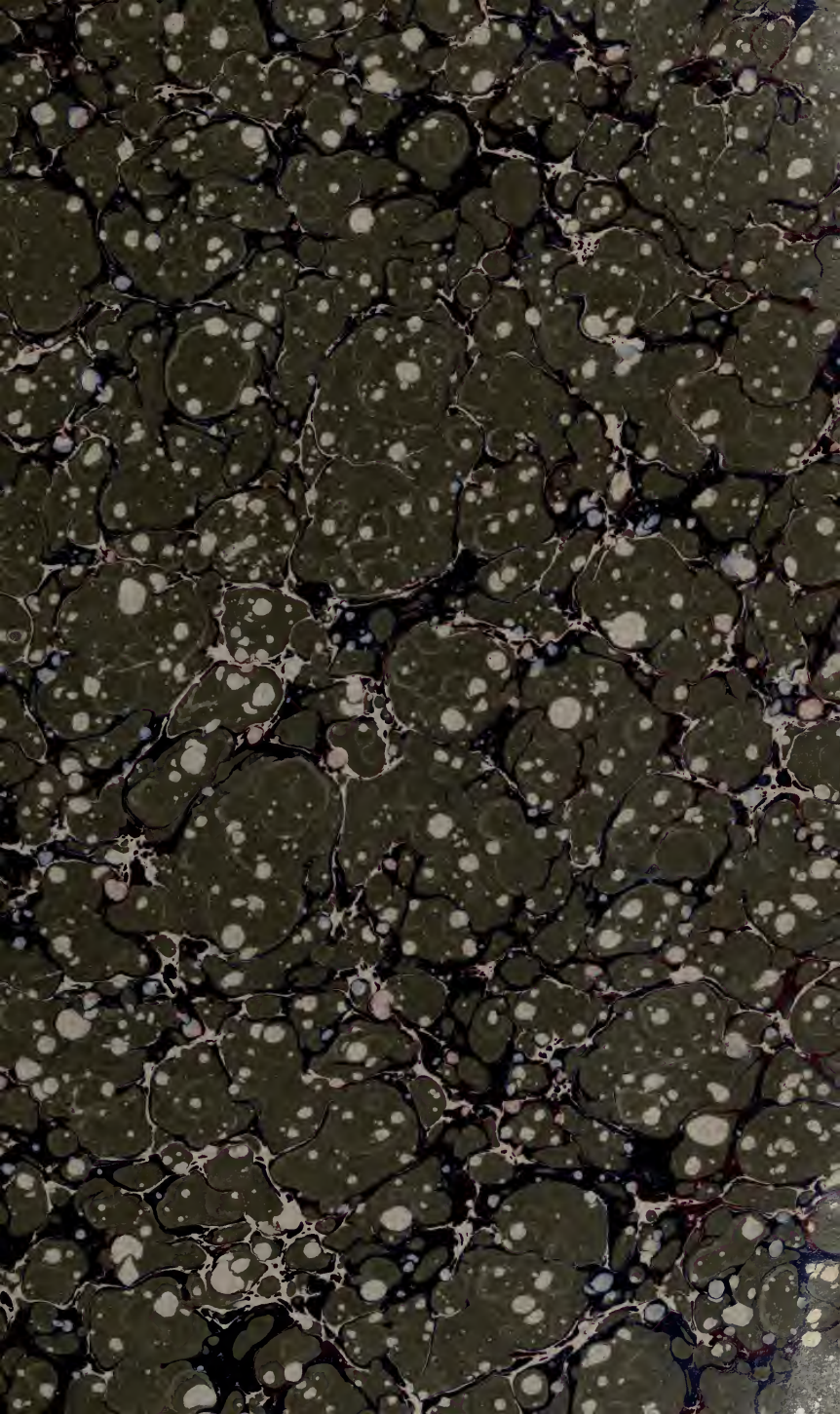


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Blaine's Reply to Gladstone.



FREE TRADE OR PROTECTION?

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Remarks on Banking and Currency

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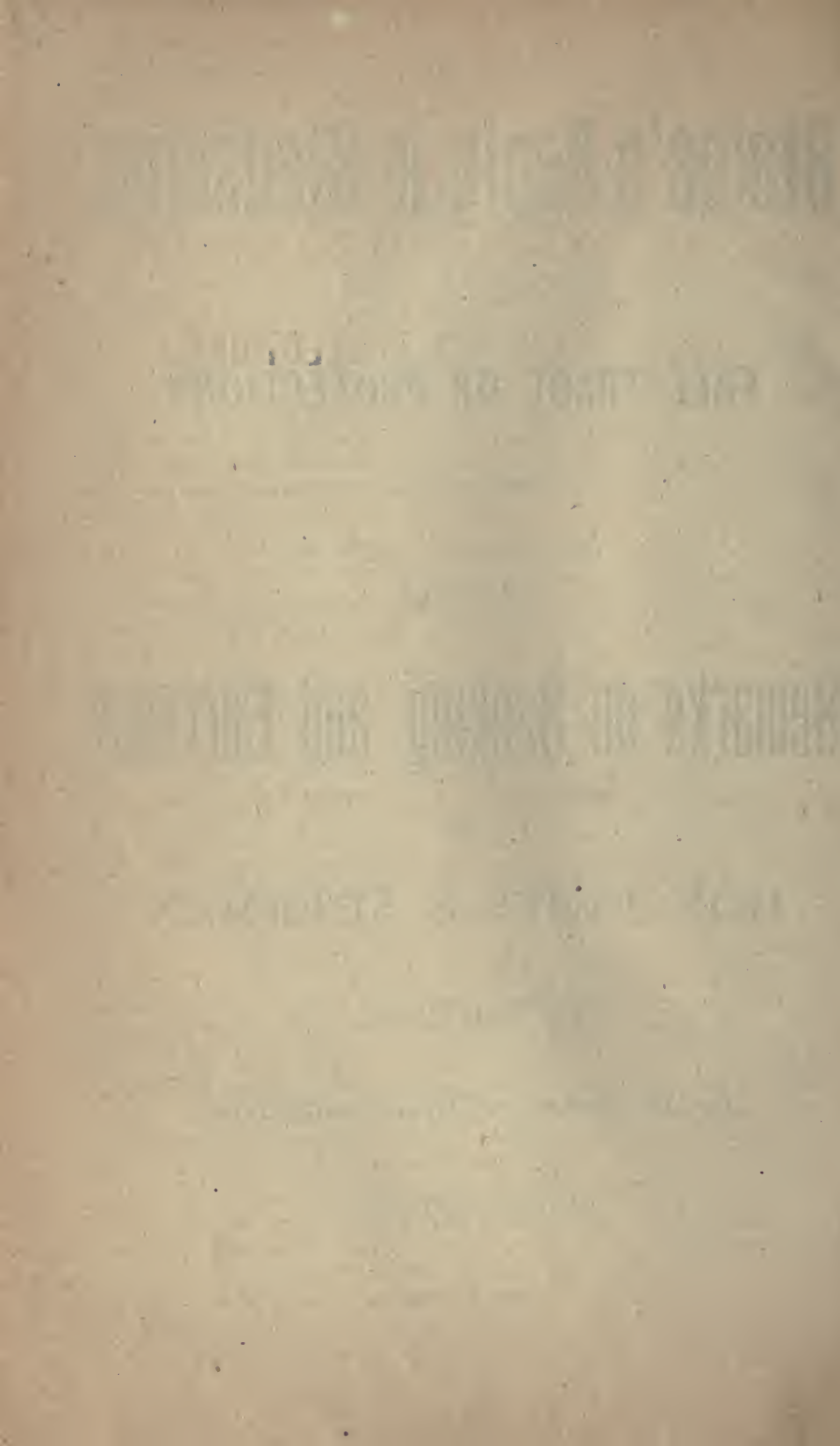
HON. JAMES S. SHERMAN

OF NEW YORK,

In the House of Representatives,

WASHINGTON, D. C.,

June 8, 1896.



BLAINE'S REPLY TO GLADSTONE.

FREE TRADE OR PROTECTION ?

Mr. Speaker. As supplemental to my remarks I add as an appendix the article on "Free Trade or Protection?" being the reply of the Hon James G. Blaine to the Hon William E. Gladstone, and published in the North American Review for January, 1890, the copyright of which is in the North American Review and has been very kindly granted me for this purpose by Mr. Lloyd Brice, of the North American Review. Mr. Blaine was for many years possibly our foremost, certainly one of our greatest, citizens. He has now gone from us, but his words, his counsels, his opinions will bear weight—a greater weight with each succeeding generation of his fellow-citizens who recognize in him a typical, intense and far-sighted American.

FREE TRADE OR PROTECTION?—BLAINE'S REPLY TO GLADSTONE.

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There can be no doubt that Mr. Gladstone is the most distinguished representative of the free-trade school of political economists. His addresses in Parliament on his celebrated budget, when chancellor of the exchequer, in 1853, were declared by Lord John Russell "to contain the ablest exposition of the true principles of finance ever delivered by an English statesman." His illustrious character, his great ability and his financial experience point to him as the leading defender of free trade applied to the industrial system of Great Britain.

Mr. Gladstone apologizes for his apparent interference with our affairs. He may be assured that apology is superfluous. Americans of all classes hold him in honor; free traders will rejoice in so eminent an advocate, and protectionists, always the representatives of liberality and progress, will be glad to learn his opinions upon a question of such transcendent importance to the past, the present and the future of the Republic.

Perhaps the most remarkable feature in the argument of Mr. Gladstone, as indeed of every English free trader except John Stuart Mill, is the universality of application which he demands for his theory. In urging its

adoption he makes no distinction between countries; he takes no account of geographical position—whether a nation be in the Eastern or the Western hemisphere, whether it be north or south of the Equator; he pays no heed to climate or product or degree of advancement; none to topography—whether the country be as level as the delta of the Nile or as mountainous as the Republic of Bolivia; none to pursuits and employments, whether in the agricultural, manufacturing, or commercial field; none to the wealth or poverty of a people; none to population, whether it be crowded or sparse; none to area, whether it be as limited as a German principality or as extended as a continental empire. Free trade he believes advantageous for England; therefore, without the allowance of any modifying condition, great or small, the English economist declares it to be advantageous for the United States, for Brazil, for Australia; in short, for all countries with which England can establish trade relations. It would be difficult, if not impossible, for Mr. Gladstone to find any principle of administration or any measure of finance so exactly fitted to the varying needs of all countries as he assumes the policy of free trade to be. Surely it is not unfair to maintain that, deducing his results from observation and experience in his own country, he may fall into error and fail to appreciate the financial workings of other countries geographically remote and of vastly greater area.

AMERICAN PROTECTIONIST VS. ENGLISH FREE TRADER.

The American protectionist, let it not be discourteous to urge, is broader in his views than the English free trader. No intelligent protectionist in the United States pretends that every country would alike realize advantage from the adoption of the protective system. Human government is not a machine, and even machines can not be so perfectly adjusted as to work with equal effectiveness at all times and under all conditions. Great Britain and the United States certainly resemble one another in more ways than either can be said to resemble any other nation in the world; yet when we compare the two on the question at issue the differences are so marked that we almost lose sight of the resemblance. One is an insular monarchy with class government; the other a continental Republic with popular government. One has a large population to the square mile; the other has a small population to the square mile. One was old in a rich and complex civilization before the establishment of the other was even foreseen. One had become the wealthiest nation of the world while the other was yet in the toils and doubts of a frontier life and a primitive civilization. One had extensive manufactures for almost every field of human need, with the civilized world for its market, while the population of the other was still forced to divide its energies between the hard calling of the sea and the still harder calling of a rude and scantily remunerative agriculture.

The physical differences between the two countries are far more striking than the political and social differences. They are, indeed, almost incalculable. Great Britain is an island less than 90,000 square miles in extent. It lies in the far north. Its southermost point is nearly 30 degrees of latitude

above the tropics. Its northernmost point is but 9 degrees below the Arctic Circle. Within its area the exchange of natural products is necessarily limited. Its life depends upon its connection with other countries. Its prosperity rests upon its commerce with the world. On the other hand, a single State of the Union is nearly three times as large as Great Britain. Several other States are each quite equal to it in area. The whole Union is well-nigh forty times as large. Alaska excepted, the northernmost point of the Union is but 60 miles south of the southernmost part of Great Britain, and the southernmost point of the Union is but little more than 100 miles from the tropics. Its natural products are more varied, more numerous and of more valuable character than those of all Europe. To quote one of Mr. Gladstone's phrases, we constitute "not so much a country in ourselves as a world." He tells us that we carry on "the business of domestic exchanges on a scale such as mankind has never seen." Our foreign commerce, very large in itself, is only as 1 to 25 compared to our internal trade. And yet Mr. Gladstone thinks that a policy which is essential to an island in the northern ocean should be adopted as the policy of a country which even to his own vision, is "a world within itself."

With these fundamental points of difference between the two countries I assume that varied financial and industrial systems, wrought by the experience of each, would be the natural and logical result. Hence I do not join issue with Mr. Gladstone on both of his propositions. He defends free trade in Great Britain. He assails protection in the United States. The first proposition I neither deny nor affirm. Were I to assume that protection is in all countries and under all circumstances the wisest policy I should be guilty of an error similar to that which I think Mr. Gladstone commits. It might be difficult to prove that free trade is not the wisest financial policy for Great Britain. So far from guarding herself against material imported from other countries, her industrial system would wither and die if foreign products were withheld for even a brief period. She is in an especial degree dependent upon the products of other nations. Moreover, she does not feel bound to pay heed to the rate of wages which her labor may receive. That, like the fabrics which her labor creates, must take its chance in the markets of the world.

On many points and in many respects it was far different with Great Britain a hundred years ago. She did not then feel assured that she could bear the competition of Continental nations. She was, therefore, aggressively, even cruelly, protective. She manufactured for herself and for her network of colonies reaching around the globe. Into those colonies no other nation could carry anything. There was no scale of duty upon which other nations could enter a colonial port. What the colonies needed outside of British products could be furnished to them only in British ships. This was not protection! It was prohibition, absolute and remorseless, and it was continued even to the day when Mr. Gladstone entered upon his long and splendid career in Parliament. It was not broken, though in some respects it was relaxed, until in the fullness of time British energy had carried the wealth and the skill of the Kingdom to the point where no competition could be feared.

GREAT BRITAIN'S PROSPERITY UNDER PROTECTION.

During the last thirty years of her protective system, and especially during the twenty years from 1826 to 1846, Great Britain increased her material wealth beyond all precedent in the commercial history of the world. Her development of steam power gave to every British workman the arms of Briareus, and the inventive power of her mechanicians increased the amount, the variety, and the value of her fabrics beyond all anticipation. Every year of that period witnessed the addition of millions upon millions of sterling to the reserve capital of the Kingdom; every year witnessed a great addition to the effective machinery whose aggregate power was already the wonder of the world. The onward march of her manufacturing industries, the steady and rapid development of her mercantile marine, absorbed the matchless enterprise and energy of the Kingdom. Finally, with a vast capital accumulated, with a low rate of interest established, and with a manufacturing power unequalled, the British merchants were ready to underbid all rivals in seeking for the trade of the world.

At that moment Great Britain had reason to feel supremely content. She found under her own flag, on the shores of every ocean, a host of consumers whom no man might number. She had Canada, Australia and India with open ports and free markets for all her fabrics; and more than all these combined, she found the United States suddenly and seriously lowering her tariff and effectively abolishing protection at the very moment England was declaring for free trade. The traffic of the world seemed prospectively in her control. Could this condition of trade have continued, no estimate of the growth of England's wealth would be possible. Practically it would have had no limit. Could she have retained her control of the markets of the United States as she held it for the four years preceding the outbreak of the civil war, the American people would have grown commercially dependent upon her in a greater degree than in Canada or Australia to-day.

But England was dealing with an intelligence equal to her own. The American people had, by repeated experience, learned that the periods of depression in home manufactures were those in which England most prospered in her commercial relations with the United States, and that these periods of depression had with a single exception, easily explained, followed the enactment by Congress of a free-trade tariff* as certainly as effect follows cause. One of the most suggestive experiments of that kind had its origin in the tariff to which I have just referred, passed in 1846 in apparent harmony with England's newly declared financial policy. At that moment a Southern President (Mr. Polk) and a Southern Secretary of the Treasury (Mr. Robert J. Walker) were far more interested in expanding the area of slave territory than in advancing home manufactures, and were especially eager to make commercial exchanges with Europe on the somewhat difficult basis of cotton at high prices and returning fabrics at low prices.

*The phrase "free-trade tariff" involves a contradiction of terms. It is used to designate that form of duty which is levied with no intention to protect domestic manufactures.

AIDS TO FREE TRADE, 1846-56.

Under ordinary circumstances the free-trade tariff of 1846 would have promptly fallen under popular reprobation and been doomed to speedy repeal. But it had a singular history, and for a time was generally acquiesced in, even attaining in many sections a certain degree of popularity. Never did any other tariff meet with so many and so great aids of an adventitious character to sustain it as did this enactment of 1846. Our war with Mexico began just as the duties were lowered, and the consequence was the disbursement of more than \$100,000,000 in a way that reached all localities and favorably affected all interests. This was a great sum of money for that period, and for the years 1846, 1847 and 1848 it considerably more than doubled the ordinary outlay of the Government. In the middle of this period the Irish famine occurred and called for an immense export of breadstuffs at high prices. The discovery of gold in California the succeeding year flushed the channels of business as never before by rapidly enlarging the circulation of coin in all parts of the country. Before this outpouring of gold had ceased the three great nations of Europe, as precedence was reckoned at that time—England, France and Russia—entered upon the Crimean war. The export of manufactures from England and France was checked; the breadstuffs of Russia were blockaded and could not reach the markets of the world. An extraordinary stimulus was thus given to all forms of trade in the United States. For ten years, 1846 to 1856, these adventitious aids came in regular succession and exerted their powerful influence upon the prosperity of the country.

PRESIDENTIAL CONDEMNATION OF FREE TRADE RESULTS.

The withdrawal or termination of these influences by a treaty of peace in Europe and by the surcease of gold from California placed the tariff of 1846 where a real test of its merits or its demerits could be made. It was everywhere asked with apprehension and anxiety: Will this free-trade tariff now develop and sustain the business of the country as firmly and securely as it has been developed and sustained by protection? The answer was made in the ensuing year by a widespread financial panic, which involved the ruin of thousands, including proportionately as many in the South as in the North, leaving the country disordered and distressed in all the avenues of trade. The disastrous results of this tariff upon the permanent industries of the country are described in President Buchanan's well-remembered message, communicated to Congress after the panic: "With unsurpassed plenty in all the elements of national wealth, our manufacturers have suspended, our public works are retarded, our private enterprises of different kinds are abandoned, and thousands of useful laborers are thrown out of employment and reduced to want." This testimony as to the result of a free-trade tariff is all the more forcible from the fact that Mr. Buchanan, as a member of President Polk's Cabinet, had consented to the abandonment of protection, which in his earlier career he had earnestly supported.

If these disasters of 1857, flowing from the free trade tariff, could have been regarded as exceptional, if they had been without parallel or precedent, they might not have had so deadly a significance. But the American people had twice before passed through a similar experience. On the eve of the war of 1812 Congress guarded the national strength by enacting a highly protective tariff. By its own terms this tariff must end with the war. When the new tariff was to be formed a popular cry arose against "war duties," though the country had prospered under them despite the exhausting effect of the struggle with Great Britain. But the prayer of the people was answered and the war duties were dropped from the tariff of 1816. The business of the country was speedily prostrated. The people were soon reduced to as great distress as in that melancholy period between the close of the Revolutionary war and the organization of the National Government—1783 to 1789. Colonel Benton's vivid description of the period of depression following the reduction of duties comprises in a few lines a whole chapter of the history of free trade in the United States:

"No price for property, no sales except those of the Sheriff and the marshal, no purchasers at execution sales except the creditor or some hoarder of money, no employment for industry, no demand for labor, no sale for the products of the farm, no sound of the hammer except that of the auctioneer knocking down property. Distress was the universal cry of the people, relief the universal demand."

PROTECTIVE TARIFF BROUGHT RELIEF.

Relief came at last with the enactment of the protective tariff of 1824, to the support of which leading men of both parties patriotically united for the common good. That act, supplemented by the act of 1828, brought genuine prosperity to the country. The credit of passing the two protective acts was not due to one party alone. It was the work of the great men of both parties. Mr. Clay and General Jackson, Mr. Webster and Mr. Van Buren, General William Henry Harrison and Richard M. Johnson, Silas Wright and Louis McLane voted for one or the other of these acts and several of them voted for both. The co-operation of these eminent men is a great historic tribute to the necessity and value of protection. Plenty and prosperity followed as if by magic the legislation to which they gave their support. We have their concurrent testimony that the seven years preceding the enactment of the protective tariff of 1824 were the most discouraging which the young Republic in its brief life had encountered, and that the seven years which followed its enactment were beyond precedent the most prosperous and happy.

Sectional jealousy and partisan zeal could not endure the great development of manufactures in the North and East which followed the apparently firm establishment of the protective policy. The free trade leaders of the South believed—at least they persuaded others to believe—that the manufacturing States were prospering at the expense of the planting States. Under the lead of Calhoun South Carolina rebelled and President Jackson, who had so strikingly shown his faith in the policy of protection, was not

able to resist the excitement and resentment which the free traders had created in the cotton States. He stood between hostile policies, represented by his two bitterest personal enemies—Clay for protection, Calhoun for free trade. To support Clay would ruin Jackson politically in the South. He could not sustain Calhoun, for, aside from his opposition to free trade, he had cause for hating him personally. He believed, moreover, that Calhoun was at heart untrue to the Union, and to the Union Jackson was as devoted as Clay. Out of this strange complication came, not unnaturally, the sacrifice of the protective tariff of 1824-1828 and the substitution of the compromise tariff of 1833, which established an ad valorem duty of 20 per cent. on all imports and reduced the excess over that by a 10 per cent. annual sliding scale for the ensuing ten years. Like all compromises, it gave complete satisfaction to neither party, but it was received with general acquiescence from the belief that it was the best practical solution of the impending difficulties. The impending difficulties were two. One was the portentous movement which involved the possibility of dissolving the Union. The other was the demand for a free trade tariff as the only measure that could appease the Southern nullifiers. Disunion and free trade from that time became associated in the public mind—a source of apprehension in the North, a source of political power in the South. Calhoun was the master spirit who had given the original impulse both to disunion and free trade. Each in turn strengthened the other in the South, and both perished together in the war of the rebellion.

For a time satisfaction was felt with the tariff adjustment of 1833, because it was regarded as at last a temporary reconciliation between two sections of the Union. Before the sliding scale was ruinously advanced there was great stimulus to manufacturing and to trade, which finally assumed the form of dangerous speculation. The years of 1834, 1835 and 1836 were distinguished for all manner of business hazard, and before the fourth year opened the 30 per cent. reduction (three years of 10 per cent. each) on the scale of duties was beginning to influence trade unfavorably. The apprehension of evil soon became general, public confidence was shaken, the panic of 1837 ensued, and business reversals were rapid, general and devastating.

The trouble increased through 1838, 1839 and 1840, and the party in power, held responsible for the financial disasters, fell under popular condemnation. Mr. Van Buren was defeated and the elder General Harrison was elevated to the Presidency by an exceptionally large majority of the electoral votes. There was no relief to the people until the protective tariff of 1842 was enacted, and then the beneficent experience of 1824 was repeated on even a more extensive scale. Prosperity, wide and general, was at once restored. But the reinstatement of the Democratic party to power two years later by the election of Mr. Polk to the Presidency, followed by a perverse violation of public pledges on the part of the men in important places of administration, led to the repeal of the protective act and the substitution of the tariff of 1846, to which I have already adverted, and whose effects upon the country I have briefly outlined.

FREE TRADE BROUGHT DISASTERS; PROTECTION BROUGHT PROSPERITY.

Measuring, therefore, from 1812, when a protective tariff was enacted to give strength and stability to the Government in the approaching war with Great Britain, to 1861, when a protective tariff was enacted to give strength and stability to the Government in the impending revolt of the Southern States, we have fifty years of suggestive experience in the history of the Republic. During this long period free trade tariffs were thrice followed by industrial stagnation, by financial embarrassment, by distress among all classes dependent for subsistence upon their own labor. Thrice were these burdens removed by the enactment of a protective tariff. Thrice the protective tariff promptly led to industrial activity, to financial ease, to prosperity among the people. And this happy condition lasted in each case, with no diminution of its beneficent influence, until illegitimate political combinations, having their origin in personal and sectional aims, precipitated another era of free trade. A perfectly impartial man, unswerved by the excitement which this question engenders in popular discussion, might safely be asked if the half century's experience, with its three trials of both systems, did not establish the wisdom of protection in the United States. If the inductive method of reasoning may be trusted, we certainly have a logical basis of conclusion in the facts here detailed.

And by what other mode of reasoning can we safely proceed in this field of controversy? The great method of Bacon was by "rigid and pure observation, aided by experiment and fructified by induction." Let us investigate "from effects to causes, and not from causes to effects." Surely it is by a long series of experiments, and by that test only, that any country can establish an industrial system that will best aid in developing its hidden wealth and establishing its permanent prosperity. And each country must act intelligently for itself. Questions of trade can no more be regulated by an exact science than crops can be produced with accurate forecast. The unknown quantities are so many that a problem in trade or agriculture can never have an absolute answer in advance. But Mr. Gladstone, with an apparent confidence in results as unshaken as though he were dealing with the science of numbers, proceeds to demonstrate the advantage of free trade. He is positively certain in advance of the answer which experiment will give, and the inference is that nothing is to be gained by awaiting the experiment. Mr. Gladstone may argue for Great Britain as he will, but for the United States we must insist on being guided by facts and not by theories; we must insist on adhering to the teachings of experiments which "have been carried forward by careful generalization to well-grounded conclusions."

CAUSES OF THE PANIC OF 1873.

As an offset to the charge that free-trade tariffs have always ended in panics and long periods of financial distress, the advocates of free trade point to the fact that a financial panic of great severity fell upon the country in 1873, when the protective tariff of 1861 was in full force, and that, therefore, panic and distress follow periods of protection as well as periods of free trade.

It is true that a financial panic occurred in 1873, and its existence would blunt the force of my argument if there were not an imperatively truthful way of accounting for it as a distinct result from entirely distinct causes. The panic of 1873 was widely different in its true origin from those which I have been exposing. The civil war, which closed in 1865, had sacrificed on both sides a vast amount of property. Reckoning the money directly expended, the value of property destroyed, and the production arrested and prevented, the total is estimated to be nine thousand millions of dollars. The producers of the country had been seriously diminished in number. A half million men had been killed. A million more had been disabled in various degrees. Help was needed in the honorable form of pensions, and the aggregate required for this purpose exceeded all anticipation, and has annually absorbed an immense proportion of the national income. The public debt that must be funded reached nearly three thousand millions, demanding at the beginning more than \$150,000,000 for annual interest. A great proportion of the debt, when funding was complete, was held in Europe, calling for an enormous export of gold or its equivalent, to meet the interest.

Besides these burdens upon the people, the country was on a basis of paper money, and all gold payments added a heavy premium to the weight of the obligation. The situation was without parallel. The speculative mania which always accompanies war had swollen private obligations to a perilous extent, and the important question arose of restoring coin payment. On the one hand it was contended that to enforce the measure would create a panic by the shrinkage of prices which would follow; and on the other hand it was urged with equal zeal that to postpone it longer would increase the general distrust among the people as to the real condition of the country, and thus add to the severity of the panic, if one should be precipitated.

Notwithstanding the evil prophecies on both sides, the panic did not come until eight and a half years after the firing of the last gun in the civil war. Nor did it come until after two great calamities in the years immediately preceding had caused the expenditure of more than \$200,000,000, suddenly withdrawn from the ordinary channels of business. The rapid and extensive rebuilding in Chicago and Boston after the destructive fires of 1871 and 1872 had a closer connection with the panic of 1873 than is commonly thought. Still further, the six years' depression, from 1873 to 1879, involved individual suffering rather than general distress. The country as a whole never advanced in wealth more rapidly than during that period. The entire experience strengthened the belief that the war for the Union could not have been maintained upon a free-trade basis, and that the panic of 1873 only proved the strength of the safeguard which protection supplies to a people surrounded by such multiform embarrassments as were the people of the United States during the few years immediately following the war. And, strongest of all points, the financial distress was relieved and prosperity restored under protection, whereas the ruinous effects of panics under free trade have never been removed except by a resort to protection.

Does Mr. Gladstone maintain that I am confusing post hoc with propter hoc in these statements? He must show, then, that the United States during

the war could have collected a great internal revenue on domestic manufactures and products, when under the system of free trade similar fabrics would daily have reached New York from Europe to be sold at prices far below what the American manufacturer, with the heavy excise then levied, could afford to set upon his goods. And if the Government could collect little from the customs under free trade and nothing from internal products, whence could have been derived the taxes to provide for the payment of interest on public loans, and what would have become of the public credit? Moreover, with free trade, which Mr. Gladstone holds to be always and under all circumstances wiser than protection, we should have been compelled to pay gold coin for European fabrics, while at home and during the tremendous strain of the war legal-tender paper was the universal currency. In other words, when the life of the country depended upon the Government's ability to make its own notes perform the function of money the free-traders' policy would have demanded daily gold for daily bread.

COMPARISON OF PROTECTION AND FREE TRADE PERIODS.

The free trader cannot offset the force of the argument by claiming that the laws regulating revenue and trade are, like municipal laws, silent during the shock of arms, because the five closing years—indeed, almost six years—of the decade in which the rebellion occurred were passed in peace, and during those years the ravages of war were in large degree repaired and new wealth rapidly acquired. But I shall not give to Mr. Gladstone or to the American free trader the advantage of seeming to rest the defense of protection upon its marvelous value during the exhaustive period of war. Viewing the country from 1861 to 1889—full 28 years—the longest undisturbed period in which either protection or free trade has been tried in this country, I ask Mr. Gladstone if a parallel can be found to the material advancement of the United States?

Mr. Gladstone admits the wonderful increase of wealth acquired under a protective tariff, but he avers that the results would have been larger under free trade. That, of course, is a speculative opinion, and is entitled to respect according to the knowledge and experience of the man who utters it. Every statement of Mr. Gladstone carries weight, but in this case his opinion runs directly counter to the fifty years of financial experience through which this country has passed with alternate trials of the two system. Moreover, it is fair to say that Mr. Gladstone does not in his utterance represent European judgment. He speaks only for the free-trade party of Great Britain and their followers on this side of the ocean. The most eminent statesman on the Continent of Europe holds opinions on this subject directly the reverse of those held by the most eminent statesman of Great Britain. We feel assured in America that so far as the question of protection may be affected, either favorably or adversely, by the weight of individual judgment, we may safely leave Mr. Gladstone to be answered by Prince Bismarck.

But better than the opinion of Mr. Gladstone, better than the opinion of Prince Bismarck, are the simple facts of the case of open record in both countries. A brief rehearsal of these facts, with the pertinent comparison

which they suggest, will give the best answer to Mr. Gladstone's assumption that the United States would have made more rapid progress under a system of free trade. I take the official figures of the census of the United States, and for the United Kingdom I quote from Mr. Giffen, who is commended by Mr. Gladstone as the best authority in England.

In 1860 the population of the United States was, in round numbers, 31,000,000. At the same time the population of the United Kingdom was, in round numbers, 29,000,000. The wealth of the United States at that time was fourteen thousand millions of dollars; the wealth of the United Kingdom was twenty-nine thousand million dollars. The United Kingdom had, therefore, nearly the same population, but more than double the wealth of the United States, with machinery for manufacturing fourfold greater than that of the United States. At the end of twenty years (1880) it appeared that the United States had added nearly thirty thousand millions of dollars to her wealth, while the United Kingdom had added nearly fifteen thousand millions, or about one-half.

During this period of twenty years the United States had incurred the enormous loss of nine thousand millions of dollars by internal war, while the United Kingdom was at peace, enjoyed exceptional prosperity, and made a far greater gain than in any other twenty years of her history—a gain which during four years was in large part due to the calamity which had fallen upon the United States. The United Kingdom had added 6,000,000 to her population during the period of twenty years, while the addition of the United States exceeded 18,000,000.

By the compound ratio of population and wealth in each country, even without making allowance for the great loss incurred by the Civil War, it is plainly shown by the statistics here presented that the degree of progress in the United Kingdom under protection far exceeded that of the United Kingdom under free trade for the period named. In 1860 the average wealth per capita of the United Kingdom was \$1000, while in the United States it was but \$450. In 1880 the United Kingdom had increased her per capita wealth to \$1230, while the United States had increased her per capita wealth to \$870. The United Kingdom had in twenty years increased her per capita wealth 23 per cent., while the United States had increased her per capita wealth more than 93 per cent. If allowance should be made for war losses, the ratio of gain in the United States would far exceed 100 per cent. Upon these results, what ground has Mr. Gladstone for his assertion?

PERTINENT FACTS REGARDING STEEL RAILS.

With great confidence Mr. Gladstone proposes to carry the war for free trade into the enemy's country. Perhaps the enemy, who are only modest protectionists, may embarrass the march of his logic with a few pertinent questions, or at least abate the rate of speed which he proposes for his triumphant movement. I shall not give counter theories. I shall only cite established facts and allow the facts to establish their own theories:

1. John Edgar Thompson, late president of the Pennsylvania Railroad Company, purchased 100 tons of steel rails in 1862 at a price (freight paid to New

York, duty of 45 per cent. unpaid) of \$103.44, gold coin. (By way of illustrating Mr. Gladstone's claim to superior quality of manufactures under free trade, the railroad company states that many of the rails broke during the first winter's trial). In 1864 English rails had fallen to \$88 per ton in New York, the freight paid and the duty unpaid. English manufacturers held the market for the ensuing six years, though the sales at the high prices were limited. In 1870 Congress laid a specific duty of \$28 per ton on steel rails. From that time the home market has been held by our own manufacturers, with a steady annual fall in price as the facilities of production increased, until the past summer and autumn, when steel rails were selling in Pittsburg, Chicago and London at substantially the same prices. Does any free trader on either side of the ocean honestly believe that American rails could ever have been furnished as cheaply as English rails except by the sturdy competition which the highly protective duty of 1870 enabled the American manufacturers to maintain against the foreign manufacturers in the first place, and among American manufacturers themselves in the second place? It is not asserted that during the 19 years since the heavy duty was first established (except during the past few months) American rails have been as cheap in America as English rails have been in England, but it is asserted with perfect confidence that, steadily and invariably, American railroad companies have bought cheaper rails at home than they would have been able to buy in England if the protective duty had not stimulated the manufacture of steel rails in the United States and if the resulting competition had not directly operated upon the English market.*

FORCED TO LOWER PRICES.

Under the protective duty of 1870 the United States soon manufactured annually a much larger quantity of steel than Great Britain, and reduced the price from \$100 per ton in gold to less than \$35 per ton in gold.

* In 1870 only 30,000 tons of steel rails were manufactured in the United States. But the product under the increased duty of that year rapidly increased. The relative number of tons produced in England and the United States for a period of 12 years is shown as follows:

For the same period, 1877-1888, inclusive, the following table will show the number of tons of steel ingots produced in the two countries respectively:

Year.	England.	United States.	Year.	England.	United States.
1877.....	508,400	385,865	1877.....	750,006	500,524
1878.....	622,390	491,427	1878.....	807,527	653,773
1879.....	520,231	610,682	1879.....	834,511	829,439
1880.....	732,910	852,196	1880.....	1,044,382	1,074,262
1881.....	1,023,740	1,187,770	1881.....	1,441,719	1,374,247
1882.....	1,235,785	1,284,067	1882.....	1,673,649	1,514,687
1883.....	1,097,174	1,148,709	1883.....	1,553,380	1,477,345
1884.....	784,968	996,933	1884.....	1,299,676	1,375,531
1885.....	706,583	959,471	1885.....	1,041,127	1,519,430
1886.....	730,343	1,574,703	1886.....	1,570,520	2,269,190
1887.....	1,021,347	2,101,904	1887.....	2,089,403	2,936,033
1888.....	979,083	1,386,277	1888.....	2,032,794	2,511,161
Total in 12 years.....	9,963,454	12,980,054	Total in 12 years....	16,401,688	18,035,622

2. English steel for locomotive tires imported in 1865, duty paid, was 34 cents per pound in gold. The American competition, under a heavy protective duty, had by 1872 reduced the price to 13 cents per pound, duty paid. At the present time (1889) American steel for locomotive tires, of as good quality as the English steel formerly imported, is furnished at $4\frac{3}{4}$ cents per pound and delivered free of cost at the point where the locomotives are manufactured. The lowering of price was not a voluntary act on the part of the English manufacturer. It was the direct result of American competition under a protective duty—a competition that could not have been successfully inaugurated under free trade.

3. In the year 1860, the last under a free-trade policy, the population of 31,000,000 in the United States bought carpets to the amount of \$12,000,000. Nearly half of the total amount was imported. In 1888, with a population estimated at 63,000,000, the aggregate amount paid for carpets was nearly \$60,000,000, and of this large sum less than \$1,000,000 was paid for foreign carpets and about \$500,000 for oriental rugs. Does any free trader in England believe that the United States, without a protective tariff, could have attained such control of its own carpet manufacture and trade? It will not be unnoticed in this connection that under a protective tariff the population by reason of better wages was enabled to buy a far greater proportion of carpets than under free trade. Nor must it escape observation that carpets are now furnished to the American buyer under a protective tariff much cheaper than when a nonprotective tariff allowed Europe to send so large a proportion of the total amount used in the United States.

These illustrations might be indefinitely multiplied. In woolens, in cottons, in leather fabrics, in glass, in products of lead, of brass, of copper; indeed, in the whole round of manufactures it will be found that protection has brought down the price from the rate charged by the importers before protection had built up the competing manufacture in America. For many articles we pay less than is paid in Europe. If we pay higher for other things than is paid across the sea to-day, figures plainly indicate that we pay less than we should have been compelled to pay if the protective system had not been adopted; and I beg Mr. Gladstone's attention to the fact that the American people have much more wherewith to pay than they had or could have under free trade.*

*In spite of these facts President Cleveland made the following statements, which I quote from his free trade message to Congress in December, 1887:

"Our present tariff laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty by precisely the sum paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufactures, because they render it possible for those of our people who are manufacturers to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that, while comparatively a few use the imported articles, millions of our people who never use and never saw any of the foreign product purchase and use things of the same kind made in this country and pay therefor nearly or quite the same enhanced price which the duty adds to the imported articles."

I recall this quotation primarily for two reasons. First, Mr. Cleveland stands without a rival at the head of the free trade party in the United States, and it is instructive to see how exactly he adopts the line of argument used by the English free trader. Second, it is a valuable admission from the head of the free trade party when he affirms that "comparatively a few of our people use imported articles," and that there are "millions of our people who never use and never saw any of the foreign products." In what words could the complete success of the protective policy in the United States be more fitly expressed?

MR. CLEVELAND'S MISINFORMATION.

But when Mr. Cleveland asserted that our people pay for our domestic fabrics "nearly or quite the same enhanced price which the duty adds to the imported articles," he evidently spoke without investigating the facts, and accepted as true one of those fallacious statements which have been used in the interest of foreign importers to deceive the people. Mr. Cleveland's argument would have been strengthened if he had given a few examples—nay, if he had given one example—to sustain his charge. As he omitted all illustrations of his position, I venture to select a few which apparently establish the exact reverse of Mr. Cleveland's statement:

India rubber goods are protected by a duty of 25 per cent; but, instead of those goods being 25 per cent. higher in price than the foreign goods, they are in fact cheaper. They undersell the English article in Canada and successfully compete with Canada's goods, which are protected by a duty of 20 per cent.

Patent leather is subject to a duty of 20 per cent.; but patent leather is not therefore 20 per cent. higher in the United States than elsewhere. On the contrary, it is cheaper. Five years ago the city government of London advertised for bids for a large amount of patent leather to be used in connection with the uniforms of the police. There were bids from several countries, but the lowest bid was offered by a manufacturer of Newark, N. J. He secured the contract and furnished the goods at a fair profit.

Steel rails are selling in London for £7 per ton. The duty is \$15 per ton. The price, therefore, in the United States ought to be, according to Mr. Cleveland's doctrine, \$50 per ton. But in fact the price is but \$35 per ton, and during the last summer and autumn was as low as \$25 per ton, and large sales were made at \$30 per ton.

Boots and shoes are subject to 30 per cent. duty. According to Mr. Cleveland they should be 30 per cent. higher than the foreign article. As a matter of fact they are cheaper. American boots and shoes hold the Canadian market against the European manufacture.

Examples of this kind could be shown on almost the whole tariff list where an American manufacturer is firmly established. In fact, the whole history of protection has vindicated what Alexander Hamilton said of it when he was at the head of the Treasury: "The internal competition which takes place soon does away with everything like monopoly and by degrees reduces the price of

the article to the minimum of a reasonable profit on the capital employed. This accords with the reason of the thing and with experience." Mr. Hamilton thus effectually answers both Mr. Gladstone and Mr. Cleveland.

TAKES ISSUE WITH GLADSTONE.

Mr. Gladstone boldly contends that "keeping capital at home by protection is dear production, and is a delusion from top to bottom." I take direct issue with him on that proposition. Between 1870 and the present time considerably more than 100,000 miles of railroad have been built in the United States. The steel rail and other metal connected therewith involved so vast a sum of money that it could not have been raised to send out of the country in gold coin. The total cost could not have been less than \$500,000,000. We had a large interest to pay abroad on the public debt, and for nine years after 1870 gold was at a premium in the United States. During those years nearly 40,000 miles of railway were constructed, and to import English rail and pay for it with gold bought at a large premium would have been impossible. A very large proportion of the railway enterprises would of necessity have been abandoned if the export of gold to pay the rails had been the condition precedent to their construction. But the manufacture of steel rails at home gave an immense stimulus to business. Tens of thousands of men were paid good wages, and great investments and great enrichments followed the line of the new road and opened to the American people large fields for enterprise not heretofore accessible.

I might ask Mr. Gladstone what he would have done with the labor of the thousands of men engaged in manufacturing rail if it had been judged practicable to buy the rail in England. Fortunately he has given his answer in advance of the question, for he tells us that "in America we produce more cloth and more iron at high prices, instead of more cereals and more cotton at low prices." The grain growers of the West and the cotton growers of the South will observe that Mr. Gladstone holds out to them a cheerful prospect! They "should produce more cereals and more cotton at low prices!" Mr. Gladstone sees that the protective system steadily tends to keep up the price of "cereals and cotton," and he asks that manufactures of "cloth and iron" be abandoned, so that we may raise "more cereals and more cotton at low prices." Mr. Gladstone evidently considers the present prices of cereals and cotton as "high prices."

Protectionists owe many thanks to Mr. Gladstone for his outspoken mode of dealing with this question of free trade. He gives us his conclusions without qualification and without disguise. The American free trader is not so sincere. He is ever presenting half truths and holding back the other half, thus creating false impressions and leading to false conclusions. But Mr. Gladstone is entirely frank. He tells the laborers on protected articles that they would be better engaged in "raising more cereals and more cotton at low prices." Where does Mr. Gladstone suggest a market for the additional grain and cotton to be raised by American mechanics becoming farmers and increasing the production of those great staples? The foreign market is filled with a competing grain supply to such a degree that already the price of wheat is

unduly lowered to the Western farmer. The farmer needs a still larger home consumption of his grain, while Mr. Gladstone thinks he needs a still larger home production. The legitimate involvement of Mr. Gladstone's argument is that all mechanical and manufacturing enterprises in America producing articles of higher price than the same produced in Europe should be abandoned, and the laborers so engaged should be turned to the production of "more cereals and more cotton at low prices." The Western farmer's instinct is wiser than Mr. Gladstone's philosophy. The farmer knows that the larger the home market the better are his prices, and that as the home market is narrowed his prices fall.

Mr. Gladstone's pregnant suggestion really exhibits the thought that lies deep in the British mind, that the mechanic arts and manufacturing processes should be left to Great Britain, and the production of raw material should be left to America. It is the old colonial idea of the last century, when the establishment of manufactures on this side of the ocean was regarded with great jealousy by British statesmen and British merchants. Some years before the Revolutionary struggle began Parliament had declared that "the erecting of manufactories in the colonies tends to lessen their dependence on Great Britain." A few years later the British Board of Trade reported to Parliament that "manufactures in the American colonies interfere with profits made by British merchants." The same body petitioned Parliament that "some measures should be provided to prevent the manufacturing of woolen and linen goods in the colonies." Finally Parliament declared that "colonial manufacturing was prejudicial to the trade and manufactures of Great Britain." These outrageous sentiments (the colonists characterized them much more severely) were cherished in the time of the glorious Georges, in the era of Walpole and the elder Pitt.

FOR GREAT BRITAIN, NOT AMERICA.

I do not mean to imply that Mr. Gladstone's words carry with them an approval, even retrospectively, of this course toward the colonies, but there is a remarkable similarity to the old policy in the fundamental idea that causes him in 1889 to suggest that Americans produce "too much cloth and too much iron," and should turn their labor to "low-priced cereals and low-priced cotton." Are we not justified in concluding that Mr. Gladstone's theory of free trade, in all its generalizations and specifications, is fitted exactly to the condition of Great Britain, and that British hostility to American protection finds its deep foundation in the fact, to quote the old phrase, that "it is prejudicial to the trade and manufactures of Great Britain," that "it lessens our dependence upon Great Britain," and that "it interferes with profits made by British merchants?"

Mr. Gladstone makes another statement of great frankness and of great value. Comparing the pursuits in the United States which require no protection with those that are protected, he says: "No adversary will, I think, venture upon saying that the profits are larger in protected than in unprotected industries." This is very true, and Mr. Gladstone may be surprised to hear that the constant objection made by American free traders against the "pro-

protected industries," as he terms them, is that the profits derived from them are illegitimately large. Mr. Gladstone sees clearly that as a rule this is not true, and he at once discerns the reason. He says: "The best opinions seem to testify that in your protected trades profits are hard pressed by wages." The free traders of America try by every cunning device to hide this fact. Its admission is fatal to their cause. Not one free trade organ or leader among them all dares to take his position beside Mr. Gladstone and plainly tell the truth to the American laborer. Not one free trade organ or leader dares frankly to say to the great body of American workmen that the destruction of protection inevitably and largely reduces their daily wages. I thank Mr. Gladstone for this testimony, at once accurate and acute. It is fair to presume that he intends it to be applied to the unprotected manufacturer in England and to the protected manufacturer in America, both producing the same article. His logic gives, and I have no doubt truly, as large profit to the manufacturer of England, selling at a low price, as to the manufacturer of America, selling at a high price—the difference consisting wholly in the superior wages paid to the American mechanic.

There is another important effect of protective duties which Mr. Gladstone does not include in his frank admission. He sees that the laborers in what he calls the "protected industries" secure high pay, especially as compared with the European school of wages. He perhaps does not see that the effect is to raise the wages of all persons in the United States engaged in what Mr. Gladstone calls the "unprotected industries." Printers, bricklayers, carpenters and all others of that class are paid as high wages as those of any other trade or calling, but if the wages of all those in the protected classes were suddenly struck down to the English standard, the others must follow. A million men can not be kept at work for half the pay that another million men are receiving in the same country. Both classes must go up or must go down together.

AMERICAN WAGES HIGHER THAN BRITISH.

Mr. Gladstone makes another contention, in which, from the American point of view, he leaves out of sight a controlling factor, and hence refers an effect to the wrong cause. Regarding the advance of wages in England he says: "Wages which have been partially and relatively higher under protection have become both generally and absolutely higher, and greatly higher, under free trade." I do not doubt the fact, but I venture to suggest that such advance in wages as there has been in England is referable to another and a palpable cause—namely, the higher wages in the United States, which have constantly tempted British mechanics to emigrate, and which would have tempted many more if the inducement of an advance in wages at home had not been interposed. Especially have wages been high and tempting in the United States since 1861, when the country became firmly protective by the enactment of the Morrill tariff. It will be found, I think, that the advance of wages in England corresponds precisely in time, though not in degree, with the advance in the United States, and the advance in both

cases was directly due to the firm establishment of protection in this country as a national policy. But it must not be forgotten that American wages are still from 70 per cent. to 100 per cent higher than British wages. If a policy of free trade should be adopted in the United States, the reduction of wages which would follow here would promptly lead to a reduction in England. The operatives of Manchester, Leeds and Sheffield recognize this fact as clearly as do the proprietors who pay the advanced wages, and more clearly than do certain political economists who think the world of commerce and manufactures can be unerringly directed by a theory evolved in a closet without sufficient data and applied to an inexact science.

The zeal of Mr. Gladstone for free trade reaches its highest point in the declaration that "All protection is morally as well as economically bad." He is right in making this his strongest ground of opposition, if protection is a question of morals. But his assertion leaves him in an attitude of personal inconsistency. There is a protection on sea as well as on land. Indeed, the most palpable and effective form of protection is in the direct payment of public money to a line of steamers that could not be maintained without that form of aid. I do not say that such aid is unwise protection, least of all do I say it is immoral. On the contrary, I think it has often proved the highest commercial wisdom, without in the least infringing upon the domain of morals. Mr. Gladstone, however, commits himself to the principle that "All protection is morally bad." If this has been his belief ever since he became an advocate of free trade, his conscience must have received many and severe wounds, as session after session, while chancellor of the exchequer, he carried through Parliament a bounty—may I not say a direct protection?—of £180,000 to a line of steamers running between England and the United States—a protection that began six years before free trade was proclaimed in English manufactures and continued nearly twenty years after. In the whole period of twenty-five years an aggregate of many millions of dollars was paid out to protect the English line against all competition.

It may be urged that this sum was paid for carrying the Anglo-American mails, but that argument will not avail a free trader, because steamers of other nationalities stood ready to carry the mails at a far cheaper rate. Nay, a few years ago, possibly when Mr. Gladstone was Premier of England, public bids were asked to carry the Anglo-Indian mails. A French line offered a lower bid than any English line, but the English Government disregarded the French bid and gave the contract to the Peninsular and Oriental line, owned by a well-known English company. Still later the German Lloyd Company contracted to carry the Anglo-American mails cheaper than any English line offered, and the German company actually began to perform the duty. But Englishmen did not want that kind of free trade, and they broke the contract with the German line and again gave protection to the English ships. Does not this justify the opinion that the English policy of free trade is urged where England can hold the field against rivals, and that when competition leaves her behind she repudiates free trade and substitutes the most pronounced form of protection?

Does Mr. Gladstone's estimate of the immorality of protection apply only to protection on land, or is supremacy on the sea so important to British interests that it is better to throw morals to the wind and resort to whatever degree of protection may be necessary to secure the lead to English ships? The doctrine of improving harbors in the United States by the National Government was for many years severely contested, the strict construction party maintaining that it must be confined to harbors on the seacoast at points where foreign commerce reaches the country. During one of the many discussions over this narrow construction an Ohio member of Congress declared that he "could not think much of a Constitution that would not stand being dipped in fresh water as well as salt." I fear that Mr. Gladstone's code of morals on this question of protection will not secure much respect in other countries so long as it spoils in salt water.

SHIPPING INTERESTS SHOULD BE PROTECTED.

It will not escape Mr. Gladstone's keen observation that British interests in navigation flourish with less rivalry and have increased in greater proportion than any other of the great interests of the United Kingdom. I ask his candid admission that it is the one interest which England has protected steadily and determinedly, regardless of consistency and regardless of expense. Nor will Mr. Gladstone fail to note that navigation is the weakest of the great interests in the United States, because it is the one which the National Government has constantly refused to protect. If since the Civil War the United States had spent in protecting her shipping merely the annual interest on the great sum which England has expended to protect her ocean traffic, American fleets would now be rivaling the fleets of England, as they rivaled them before the war, on every sea where the prospect of commercial gain invites the American flag.

The failure of the United States to encourage and establish commercial lines of American ships is in strange contrast with the zealous efforts made to extend lines of railway inside the country, even to the point of anticipating the real needs of many sections. If all the advances to railway companies, together with the outright gifts by towns, cities, counties, States and Nation be added together, the money value would not fall short of a thousand millions of dollars. No effort seems too great for our people when the interior of the country is to be connected with the seaboard. But when the suggestion is made to connect our seaboard with commercial cities of other countries by lines of steamships the public mind is at once disturbed by the cry of "subsidy." We really feel as much afraid of protection at sea as Mr. Gladstone is of protection on land. The positions of the American Congress and the English Parliament on this subject are precisely reversed. England has never been affrighted by the word subsidy, and, while we have stood still in potent fear, she has taken possession of the seas by the judicious, and even the lavish, interposition of pecuniary aid. I have already said that the interest on the amount which England has paid for this object since she began it with great energy fifty years ago would give all the stimulus needed for the rapid

expansion of our commerce. Let it be added that if the Government of the United States will for twenty years to come give merely the interest upon the interest at the rate of 5 per cent. on the amount which has been a free gift to railroads, every steam line needed on the Atlantic, the Pacific, and the Gulf will spring into existence within two years from the passage of the act. It is but a few years since Congress twice refused to give even \$125,000 per annum to secure an admirable line of steamers from New York to the four largest ports of Brazil. And the sum of \$125,000 is but the interest upon the interest of the interest at 5 per cent. of the gross amount freely given to the construction of railroads within the Union. Is it any wonder that we have lost all prestige on the sea?

CANADA'S DEMAND FOR AMERICA'S MANUFACTURES.

The opposition to the policy of extending our foreign commerce by aiding steamship lines with a small sum, just as we have aided internal commerce on railroads with a vast sum, originates with the American free trader. Mr. Gladstone cannot fail to see how advantageous the success of this free-trade effort in the United States must prove to Great Britain. The steady argument of the free trader is that if the steamship lines were established, we could not increase our trade, because we produce under our protective tariff nothing that can compete in neutral markets with articles of the like kind from England. How, then, can the free trader explain the fact that a long list of articles manufactured in the United States find ready and large sale in Canada? The Canadian tariff is the same upon English and American goods. Transportation from England to Quebec or Montreal is cheaper than from the manufacturing centres of the United States to the same points. The difference is not great, but it is in favor of the English shipper across the seas, and not the American shipper by railway. It is for the free trader to explain why, if the cost of transportation be made the same, the United States cannot compete with England in every country in South America in all the articles of which we sell a larger amount in Canada than England does. I append a note naming the American articles sold in Canada, and the free trader, if candid, will admit that the list is one that is constantly and rapidly increasing.*

* The following articles of American manufacture are sold in Canada more largely than like articles of English manufacture:

Brass goods, copper goods, cordage, ginghams, bottles, flasks, India-rubber goods, printing ink, ingrain carpets, wood manufactures, twines, tinware, ship rigging, wall paper, writing paper, envelopes, blank books, strawboard paper, boots and shoes, leather and skins, sole leather, leather goods, patent leather, figured oilcloths, grain drills, harrows, harvesters, hoes, forks, mowing machines, scythes, spades, shovels, builders' and cabinetmakers' hardware, house-furnishing hardware, nails, firearms, sewing machines, screws, stoves, axes, jewelry (sterling and plated), silverware, lamps, locomotives, hatchets, hammers, saws, mechanics' tools, organs, pianos, "notions," plain house furniture, especially hotel furniture.

SOME INTERESTING CENSUS FIGURES.

Giving heed to the cry of the professional free trader in America, Mr. Gladstone feels sure that, though the protected manufacturers in the United States may flourish and prosper, they do so at the expense of the farmer, who is in every conceivable form, according to the free-trade dictum, the helpless victim of protection. Both Mr. Gladstone and the American free trader have, then, the duty of explaining why the agricultural States of the West have grown in wealth during the long period of protection at a more rapid rate than the manufacturing States of the East. The statement of the free trader can be conclusively answered by referring to the census of the United States for the year 1860 and also for the year 1880:

In 1860 eight manufacturing States of the East (the six of New England, together with New York and Pennsylvania) returned an aggregate wealth of \$5,123,000,000. Twenty years afterwards, by the census of 1880, the same States returned an aggregate wealth of \$16,228,000,000. The rate of increase for the twenty years was slightly more than 216 per cent.

Let us see how the agricultural States fared during this period. By the census of 1860, 8 agricultural States of the West (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, and Wisconsin) returned an aggregate wealth of \$2,271,000,000. Twenty years afterwards, by the census of 1880 (protection all the while in full force), these same States returned an aggregate wealth of \$11,268,000,000. The rate of increase for the twenty years was 396 per cent, or 180 per cent greater than the increase in the 8 manufacturing States of the East.

The case will be equally striking if we take the 15 Southern States that were slaveholding in 1860. By the census of that year the aggregate return of their property was \$6,792,000,000; but \$2,000,000,000 was slave property. Deducting that, the total property amounted to \$4,792,000,000. Their aggregate return of wealth by the census of 1880 was \$8,633,000,000. The rate of increase for the twenty years was 80 per cent. Consider that during this period 11 States of the South were impoverished by civil war to an extent far greater than any country has been despoiled in the wars of modern Europe; consider that the labor system on which previous wealth had been acquired in the South was entirely broken up; and yet, at the end of twenty years, the Southern States had repaired all their enormous losses and possessed nearly double the wealth they had ever known before. Do not these figures incontestably show that the agricultural sections of the country, West and South, have prospered even beyond the manufacturing sections, East and North? And all this not merely with protection, but because of protection!

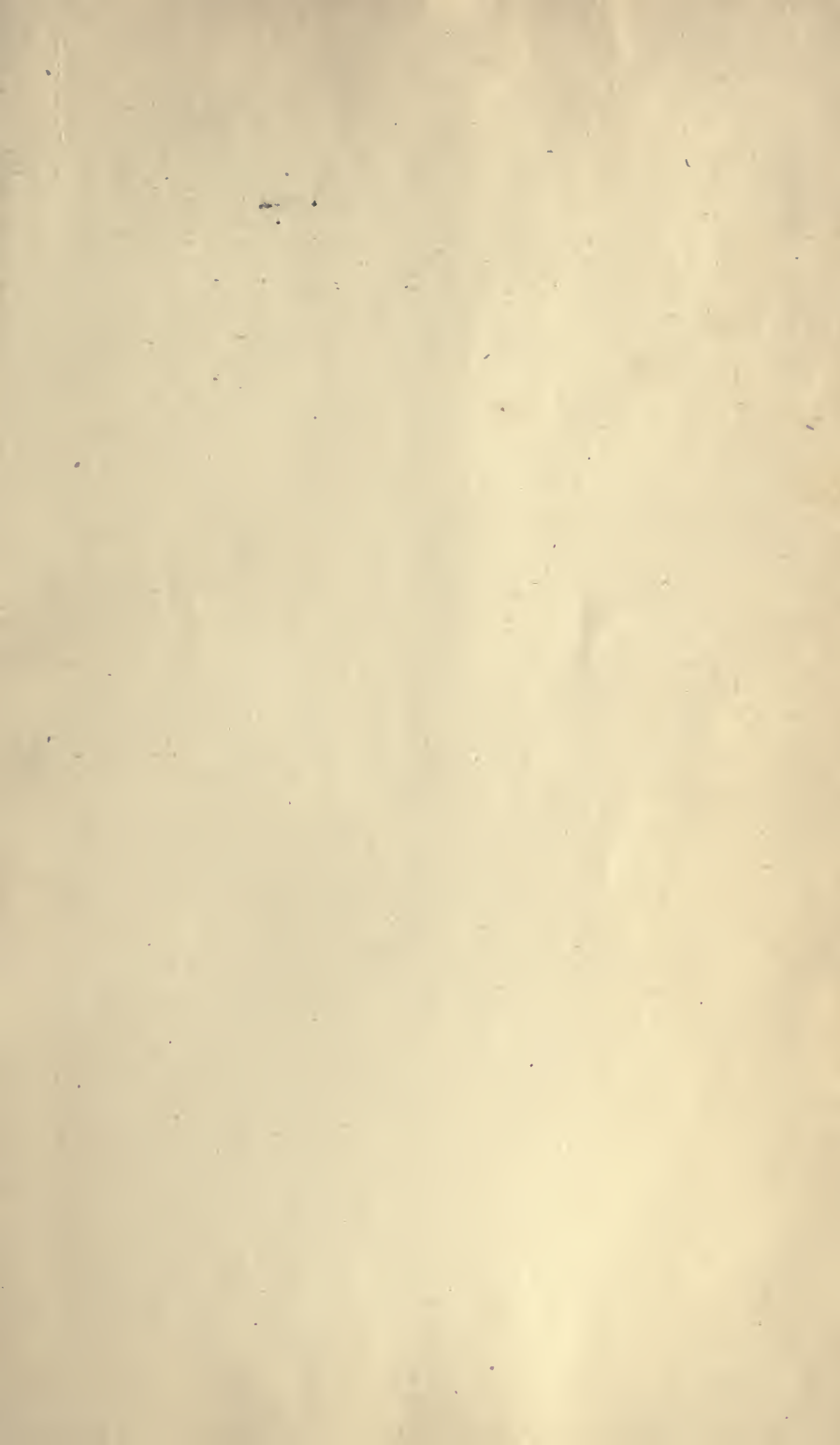
HOW GREAT FORTUNES ARE ACQUIRED.

As Mr. Gladstone considers protection immoral, he defines its specific offense as "robbery." To have been fully equal to the American standard of free-trade vituperation, Mr. Gladstone should have denounced our manufacturers as "robber barons." This is the current phrase with a class who are perhaps more noisy than numerous. The intention of the phrase is to create popular prejudice

against American manufacturers as growing rich at the expense of the people. This accusation is so persistently repeated that its authors evidently regard it as important to their cause. It may perhaps surprise Mr. Gladstone to be told that out of the fifty largest fortunes in the United States—those that have arrested public attention within the last ten years—certainly not more than one has been derived from protected manufacturing; and this was amassed by a gentleman of the same Scotch blood with Mr. Gladstone himself. The forty-nine other fortunes were acquired from railway and telegraph investments, from real-estate investments, from the import and sale of foreign goods, from banking, from speculations in the stock market, from fortunate mining investments, from patented inventions, and more than one from proprietary medicines.

It is safe to go even further and state that in the one hundred largest fortunes that have been viewed as such in the past ten years not five have been derived from the profits of protected manufactures. Their origin will be found in the fields of investment already referred to. Moreover, the fear of the evil effect of large fortunes is exaggerated. Fortunes rapidly change. With us wealth seldom lasts beyond two generations. There is but one family in the United States recognized as possessing large wealth for four consecutive generations. When Mr. Jefferson struck the blow that broke down the right of primogeniture and destroyed the privilege of entail he swept away the only ground upon which wealth can be secured to one family for a long period. The increase in the number of heirs in successive generations, the rightful assertion of equality among children of the same parents, the ready destruction of wills that depart too far from this principle of right, and, above all, the uncertainty and the accidents of investment, scatter fortunes to the wind and give to them all the uncertainty that betides human existence.

In no event can the growth of large fortunes be laid to the charge of the protective policy. Protection has proved a distributor of great sums of money; not an agency for amassing it in the hands of a few. The records of our saving banks and building associations can be appealed to in support of this statement. The benefit of protection goes first and last to the men who earn their bread in the sweat of their faces. The auspicious and momentous result is that never before in the history of the world has comfort been enjoyed, education acquired, and independence secured by so large a proportion of the total population as in the United States of America.



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